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SUBJECT: INDIA HOPING TO "CHECKMATE CHINA" IN MOZAMBIQUE

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11. (SBU) SUMMARY: The Charge recently paid a courtesy call on the India's High Commissioner to Mozambique, Rajinder Bhagat.

The High Commissioner related his country's primary interests in Mozambique, focusing on commercial sector development, agricultural development, and coal mining, while recognizing the growing competition with China for Mozambique's market and natural resources. The Charge and Bhagat identified several areas of potential cooperation in Mozambique between the USG and India, including fighting HIV/AIDS and implementing water/sanitation projects. END SUMMARY.

12. (U) According to the High Commissioner, India contributed \$40 million for aid projects in Mozambique in 2007. These projects include installation of 600 water pumps in Zambezia and Nampula and rural electrification in Gaza. He said India also provided a \$25 million line-of-credit to build a technological park in Moamba in 2008. Noting the increase in Indian investment in the coal sector, Bhagat would like to encourage Indian companies to invest in the Nacala Corridor and in hydroelectric power. He said that several Indian ministers visited Mozambique in 2007 to promote commercial relations.

13. (SBU) The High Commissioner repeatedly noted the expanding presence of the Chinese in Mozambique, adding "they are everywhere you turn." He predicted an inevitable competition for markets and resources between India and China, but was confident that in Mozambique, India will be able to "checkmate China" given the strong and historical presence of Indians in Mozambique, the positive relations with several influential Mozambican Ministers (including the Minister of Defense), and the fact that in contrast to Chinese contractors, Indians hire local workers. Bhagat acknowledged that the competition was natural considering the two country's large, growing populations and need for additional natural resources, particularly sources of energy, such as oil and coal.

14. (U) The Charge related USG priorities in and financial contributions to Mozambique highlighting two areas where India and the USG share interests: HIV/AIDS and water/sanitation projects. Bhagat responded that India is very interested in building a pharmaceutical plant to produce anti-retroviral drugs either in Mozambique or Swaziland. Concerning water/sanitation, India has already installed some 600 water pumps in northern Mozambique and has plans to install more in 2008. The Charge noted that water/sanitation in the northern provinces was a major component of the MCC

and that India and the USG could work together to ensure there was no overlap in towns receiving pumps.

¶5. (SBU) COMMENT: Though India receives little attention as a donor nation in Mozambique, India's involvement here is growing rapidly. India and Mozambique are due to soon sign a cooperation agreement to increase commercial and political ties. Tata Steel recently announced an US\$88 million investment in an Australian-owned coal venture in Mozambique. According to India's Economic Times, several other major Indian companies are also concluding major investments in Mozambique. While China continues to trumpet infrastructure projects, look for India to continue a more quiet diplomacy in its quest to, in the High Commissioner's words, "checkmate China" in Mozambique. END COMMENT.
Chapman